

Message Text

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14

ACTION EB-07

INFO OCT-01 EA-07 IO-10 ISO-00 EUR-12 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

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FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 8634

INFO USDEL MTN GENEVA

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E.O. 11652: N/A

TAGS: ETRD, MTN

SUBJECT: HONG KONG'S POSITION IN TROPICAL PRODUCTS NEGOTIATIONS

REF: STATE 287116

1. HONG KONG IS UNIQUE IN MTN. ALTHOUGH HONG KONG IS NOT AN INDEPENDENT STATE, IT HAS A REPRESENTATIVE AT MTN. ADDITIONALLY, HONG KONG LEVIES DUTIES ON ONLY THREE COMMODITIES:

A) HYDROCARBON PRODUCTS; B) ALCOHOL; C) TOBACCO. THESE DUTIES ARE FOR REVENUE PURPOSES. ALL OTHER PRODUCTS ENTER DUTY FREE. THE HONG KONG GOVERNMENT IS FIRMLY COMMITTED TO FACILITATING TRADE, AND BARRIERS TO TRADE ARE VIRTUALLY NON-EXISTENT.

2. POST IS AWARE OF ONLY ONE CASE OF US PRODUCTS BEING EXCLUDED BY A PERMANENT NON-TARIFF MEASURE. AMERICAN BRANDY IS CURRENTLY DENIED ENTRY TO HONG KONG BECAUSE OF HONG KONG REGULATIONS REGARDING PROOF. MOST, IF NOT ALL, LIMITED OFFICIAL USE

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AMERICAN BRANDY IS BOTTLED AT 80 US PROOF. THE HONG KONG

DUTIABLE COMMODITIES ORDINANCE, CHAPTER 109, PART III, NUMBER 53, REQUIRES THAT BRANDY BE A MINIMUM OF A LEVEL CORRESPONDING TO 85.6 US PROOF. ACCORDING TO THIS LAW, AMERICAN BRANDY IS CLASSIFIED AS "ADULTERATED LIQUOR." ACCORDING TO HKG OFFICIALS, THIS CRITERION IS DERIVED FROM A SIMILAR LAW PASSED IN THE UK APPROXIMATELY 100 YEARS AGO. THE UK HAS SINCE REPEALED THEIR LAW, BUT THE HONG KONG LAW REMAINS INTACT, ALTHOUGH OFFICIALS SAY IT WILL BE REVIEWED SOON.

3. FROMM AND SICHEL, INC. OF CALIFORNIA, DISTRIBUTORS FOR CHRISTIAN BROTHERS, AND THE POST HAVE BEEN DISCUSSING THE MATTER WITH THE HONG KONG GOVERNMENT, BUT WITH NO RESULTS SO FAR.

4. POST MUST STRESS HONG KONG'S IMPORTANCE AS A BRANDY CONSUMER. TOTAL BRANDY SALES FOR THE PERIOD, JANUARY TO AUGUST 1975, APPROXIMATED US\$15,000,000, AND SHOULD REACH US\$20,000,000 FOR THE YEAR. THIS IS FOUR TIMES THE ANNUAL WHISKEY CONSUMPTION IN HONG KONG. FRANCE ACCOUNTED FOR SLIGHTLY OVER US\$12,000,000 DURING THE JANUARY TO AUGUST PERIOD, OR 80 PERCENT OF THE TOTAL.

5. POST STRONGLY FEELS THAT US BRANDY COULD MAKE INROADS INTO THE HONG KONG MARKET, AND THE ONLY HINDRANCE TO TRADE IS A NON-TARIFF BARRIER WHICH DISCRIMINATES AGAINST AMERICAN BRANDY.
CROSS

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